

**Utah Insurance Department  
Content Standards  
Immediate Annuity - Single Premium  
(Individual and Group)**

NOTE: These Standards are provided to assist the insurer in filing forms and rates. They are not intended to be all inclusive and are a work in progress. References beginning with "31A" refer to the insurance code as part of Utah Code Annotated (U.C.A.) and those beginning with "R590" refer to department rules as part of the Utah Administrative Code (U.A.C.). The comments are a brief synopsis of the referenced material and do not contain all requirements or exceptions. All references should be reviewed for compliance. As required by U.C.A. § 31A-21-201(2), the insurer is responsible for assuring that forms and rates submitted are in compliance with the Utah Insurance Code and Rules.

| REVIEW REQUIREMENTS                           | REFERENCE                                      | COMMENTS                                                                                                                                                                                                                                                                                                                                                                                                      |
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| <b>FORM FILING REQUIREMENTS</b>               |                                                |                                                                                                                                                                                                                                                                                                                                                                                                               |
| File and Use of Forms                         | 31A-3-103, 31A-21-201, R590-86 & Bulletin 99-7 | "FILED" means that a filing is submitted in accordance with applicable statute, rule, or filing order; received by the department within the time provided in the applicable statute, rule or filing order; and accompanied with the applicable filing fee. Forms must be filed prior to use.                                                                                                                 |
| Policy and Application                        | 31A-21-101                                     | Policies and applications (a) delivered or issued for delivery in this state; (b) on property ordinarily located in this state; (c) on persons residing in this state when the policy is issued; and (d) on business operations in this state are subject to Utah Insurance Code and rules.                                                                                                                   |
| Policy and Filing Documents                   | R-590-86 & Bulletin 99-7                       | Policy data page(s), actuarial memorandum and demonstration, and the annual report must be completed with John Doe information representative of the market intended. Each document must be completed using the same risk information; i.e., same age, premium amount, maturity value and duration. All filing documents must be representative of the market; i.e., retirement, seniors, tax qualified, etc. |
| <b>GENERAL FORM REQUIREMENTS</b>              |                                                |                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>COVER PAGE</b>                             |                                                |                                                                                                                                                                                                                                                                                                                                                                                                               |
| Insurance Company Name                        | 31A-21-201(3)(a)(iii) & 31A-21-301(1)(a)       | The exact name of the insurer, the administrative office address, and state of domicile must be identified conspicuously on the policy.                                                                                                                                                                                                                                                                       |
| Coverage Name, Description & Special Features | 31A-21-201(3)(a)                               | The coverage name or title, a brief description of the coverage and any special features must be disclosed on the policy cover; i.e., single premium immediate annuity, fixed income annuity, no cash value.                                                                                                                                                                                                  |
| Policy Examination/ Free Look                 | 31A-22-423(1)(a) & R590-93                     | A minimum free examination period of 10 days for new issues and 20 days for replacement policies must be prominently printed on the cover page.                                                                                                                                                                                                                                                               |

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| Full Refund of Premium         | 31A-22-423 (1)(a)                       | Full refund of premium must be provided upon return of the policy within the examination period.                                                                                                                                                                                                                                                                                                                                                                                                       |
| Form Identification Number     | 31A-21-201(3) & R590-86                 | A distinct form identification number must appear at the bottom of the form. A revised form must contain a revision date or other distinct identifier.                                                                                                                                                                                                                                                                                                                                                 |
| <b>SPECIFICATIONS PAGE</b>     |                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Income Date                    | 31A-21-201                              | The date annuity payments are scheduled to begin must be disclosed. Payments must start no later than twelve (12) months after the premium is paid.                                                                                                                                                                                                                                                                                                                                                    |
| Income Options                 | 31A-21-201                              | Include a schedule page for each income option. The schedule must clearly disclose the benefits and premiums for each option. All guarantees and limitations must be clearly disclosed and described. Lifetime only payouts must clearly state that there is no death benefit and the schedule page must disclose when benefits will end.                                                                                                                                                              |
| Sample Data                    | R590-86                                 | The specifications page(s) must be completed with data that is accurate and consistent with the other contents of the contract and the actuarial memorandum.                                                                                                                                                                                                                                                                                                                                           |
| Variability - (bracketed data) | 31A-21-201,<br>R590-86, Bulletin 99-7   | Any information that is variable must be bracketed and must be explained in a statement of variability. Any change in the items contained within the brackets must be refiled prior to use. <b><u>The guaranteed minimum interest crediting rate may not be a variable item.</u></b> The maximum surrender charge schedule must be shown in the contract. If the company will charge a lower charge, then the maximum charge must be shown within the brackets.                                        |
| <b>POLICY PROVISIONS</b>       |                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Application                    | 31A-21-201(3), R590-93-7<br>& R590-93-8 | Each application for an immediate annuity must contain at least the following information:<br>(a) List all income options. Disclose that the <u>Lifetime option provides no death benefit.</u><br>(b) A replacement question to be signed by the applicant.<br>(c) A statement to be signed by the agent as to whether or not he or she knows replacement is or may be involved in the transaction.<br><br><u>An application must be included in every policy filing where an application is used.</u> |
| Assignment                     | 31A-22-412                              | Assignment provision must allow the owner of any rights in the policy to assign any of those rights. Assignment rights may be expressly prohibited by an annuity contract which provides annuities as retirement benefits related to employment contracts.                                                                                                                                                                                                                                             |
| Cash Surrender Value           | 31A-21-201                              | Policy must clearly disclose that no cash surrender values are available, if the policy provides no cash surrender value.                                                                                                                                                                                                                                                                                                                                                                              |

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| Claims Settlement                                   | U.C.A. § 31A-26-301(1),<br>R590-191-4 &<br>R590-191-5 | All proceeds and claims settlement provisions must be in compliance with U.C.A. § 31A-26-301(1) and R590-191-4 that establishes the minimum standards for prompt claim handling and requires that the company must act within 15 days of receipt of due proof of the death; and R590-191-5 requires payment of interest if the claim is not settled within 15 days after completion of the claim investigation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Death Benefit                                       | 31A-21-201(3)(a)                                      | The immediate annuity must clearly disclose the death benefit options and amounts provided for each income option. If there is no death benefit for any option, the policy must clearly disclose that there is "No Death Benefit" for the applicable option.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Definitions                                         | 31A-21-201(3)                                         | All definitions must be complete and consistent throughout the form.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Discretionary Authority and Allocation of Authority | 31A-21-201(3),<br>Bulletin 2002-7                     | <p>Provisions that grant the insurer full and exclusive authority to interpret and construe policy provisions are inequitable, are not in the public interest, are misleading, are contrary to law, and they deprive Utah Courts of jurisdiction to interpret insurance contracts. See Bulletin 2002-7.</p> <p>The Utah Insurance Department understands the need for a discretionary clause in an insurance form that is part of an ERISA plan, therefore the department will allow only the following safe harbor language in insurance forms that are used in ERISA plans: <u>"Benefits under this plan will be paid only if the plan administrator decides that the claimant is entitled to them"</u>.</p> <p>However, where an insurance form is <b>not</b> part of an ERISA plan, the Utah Insurance Department prohibits from use any insurance form that includes any clause that states that the insurance company has discretion.</p> |
| Entire contract provision                           | 31A-22-424                                            | Entire contract provision must define the documents and agreements that constitute the entire contract between the insurer and the policyholder.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Discretionary Authority and Allocation of Authority | 31A-21-201(3) &<br>Bulletin 2002-7                    | Provisions that grant the insurer full and exclusive authority to interpret and construe policy provisions are inequitable, are not in the public interest, are misleading, are contrary to law, and they deprive Utah Courts of jurisdiction to interpret insurance contracts. ERISA does not authorize discretionary authority clauses in insurance contracts. Such provisions must be removed from the contract.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Incontestability                                    | 31A-22-403                                            | Incontestability provision must state that if the contract is contestable, it is incontestable after it has been in force during the lifetime of the insured for a period of two years or less. The code does not allow an exception for fraud.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Legal Actions & Limitation of actions               | 31A-21-313 &<br>31A-21-314(3)                         | An insurance policy may not limit the time for beginning an action to earlier than 60 days after proof of loss has been furnished as required by the policy. An insurance policy may not contain a provision limiting the right of action against an insurer to less than three years from the date the                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

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|                                           |                                                           | cause of action accrues. The provision cannot prescribe in what court an action may be brought.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Misstatement of Age or Sex                | 31A-22-405                                                | Policy must state that if the age and/or sex of the insured is misstated in an application and the error is not adjusted during the person's lifetime, the amount payable is what the premium paid would have purchased at the correct age and/or sex.                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Proof of Loss                             | 31A-21-312 & Bulletin 87-6                                | Proof of loss provision must allow the insured or claimant to file the notice and/or proof of loss as soon as reasonably possible. Failure to file within the time specified does not invalidate a claim if the insured or claimant shows that it was not reasonably possible to file within the time specified and that notice and/or proof was filed as soon as reasonably possible. The provision <u>may not</u> state that in no event, except in the absence of legal capacity, may proof be filed later than the time proof is otherwise required. Failure to give notice or file proof of loss does not bar recovery under the policy if the insurer fails to show it was prejudiced by the failure. |
| Unfair, Misleading, Deceptive Provisions. | 31A-21-201(3)(a)                                          | Forms cannot be inequitable, unfairly discriminatory, misleading, deceptive, obscure, unfair, encourage misrepresentation, or not in the public interest. The contract may not contain inconsistent, ambiguous or misleading clauses, or contain exceptions and conditions that unreasonably affect the benefits purported to be provided in the general coverage of the contract. <u>No exclusion for terrorism is allowed.</u>                                                                                                                                                                                                                                                                            |
| <b>ACTUARIAL DOCUMENTS</b>                |                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Actuarial memorandum                      | 31A-17 Part 5, R590-86, R590-96 & Bulletin 99-7 Part 2(4) | Actuarial memorandum must be currently signed and dated by a qualified actuary who is a member in good standing with the American Academy of Actuaries. The memorandum must describe all features of the policy. Refer to R590-96 for Annuity Mortality Tables for use in determining reserves. The rule requires use of the Annuity 2000 Mortality Table for individual annuity contracts issued after July 1, 1999.                                                                                                                                                                                                                                                                                       |
| <b>GENERAL FILING REFERENCES</b>          |                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| File and Use, Prohibit Use of Form        | 31A-21-201                                                | Utah is a <b>"FILE AND USE"</b> state for forms. The commissioner may prohibit the use of a form at any time upon a finding that it is, among other things, inequitable; unfairly discriminatory; misleading; deceptive, obscure; unfair, encourages misrepresentation; is not in the public interest; or it violates a statute or a rule adopted by the commissioner.                                                                                                                                                                                                                                                                                                                                      |
| Frequent problems in filings              | Bulletin 96-8                                             | See Bulletin when preparing a form for filing.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Procedures for Submission of              | R590-86 & Bulletin 99-7                                   | See Rule and Bulletin when preparing a form for filing.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

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| Forms and Rates                            |                     |                                                                                                                                                                                                                                    |
| <b>Accurate &amp; Complete Information</b> | <b>31A-2-202(6)</b> | <b>The filing must include the signed and dated <u>certification of compliance</u> in the Transmittal Form. The company must certify that nothing in the filing has been disapproved or prohibited from use in a prior filing.</b> |